

**S.E.C. RULE 15c2-12
ANNUAL REPORT
FISCAL YEAR ENDED JUNE 30, 1999**

The State of California (the "State"), acting by and through the State Treasurer's Office of the State of California, hereby provides its annual report for the fiscal year ended June 30, 1999 in connection with the following:

Bond Issue

Name of Issue	Dated Date	Date of Continuing Disclosure Agreement
East Bay State Building Authority – Refunding Certificate of Participation (State of California Department of Transportation Lease) Series 1997A	10/1/97	10/1/97

The base CUSIP number for the bond listed above is 130656 - _ _ _.

Note: The base CUSIP number provided is for the convenience of Bondholders. The State Treasurer's Office is not responsible for the accuracy or completeness of such numbers.

Annual Report

The State's "annual report" (as defined in the Continuing Disclosure Agreement for the Bonds) for the fiscal year ended June 30, 1999 consists of:

1. Financial information (including the audited General Purpose Financial Statements for the State) contained in Appendix A of the Official Statement, dated February 23, 2000, with respect to \$500,000,000 of State of California General Obligation Bonds (the "OS"), which information is incorporated herein by reference. A copy of the OS has previously been filed with each of the Nationally Recognized Municipal Securities Information Repositories and is available from any of them.
2. Information concerning the California Department of Transportation's primary programs and budget sources and the financial condition of the State Highway Account. This information is provided in the tables in Exhibit 1 attached hereto.
3. The insurance required by Section 7 of the Facility Lease relating to the Bonds is in effect.

Other Matters

This annual report is provided solely for purposes of the Continuing Disclosure Agreement. The filing of this report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the State of California (the “State”), the Department of Transportation (the “Department”) or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this report relates (other than as referred to in this report), or that no other information exists, which may have a bearing on the State's or the Department's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds. The information contained in this report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this annual report should be construed as a prediction or representation about future financial performance of the State or the Department.

Dated: March 17, 2000

State of California

By Barbara A. Lloyd
 Deputy State Treasurer

Exhibit 1

DEPARTMENT OF TRANSPORTATION
PRIMARY PROGRAMS AND BUDGET SOURCES
(In Thousands)

Programs:

	1998-99
Aeronautics	\$ 11,258
Highway Transportation	4,599,994
Mass Transportation	558,124
Transportation Planning	64,536
Administration	239,038
Equipment Service Center	144,596
Distributed Equipment Service Center	(144,596)
TOTAL	<u>\$ 5,472,950</u>

Sources of Funds:

General Fund	\$ 23,817
Aeronautics Account, State Transportation Fund	7,905
State Highway Account, State Transportation Fund	2,698,949
Bicycle Transportation Account, State Transportation Fund	1,000
Public Transportation Account, State Transportation Fund	143,745
Local Airport Loan Account	3,441
Environmental Enhancement and Mitigation Demonstration Program Fund	10,000
Equipment Service Center	-
Toll Bridge Seismic Retrofit Account	98,386
Seismic Retrofit Bond Act of 1996	172,803
Ridesharing Vanpool Revolving Loan and Grant Fund	-
Petroleum Violation Escrow Account	-
Federal Trust Fund	1,921,915
Consolidated Toll Bridge Funds	9,547
Reimbursements	381,442
TOTAL	<u>\$ 5,472,950</u>

Source: Department of Transportation

Exhibit 1
-continued-

DEPARTMENT OF TRANSPORTATION (2660) STATE TRANSPORTATION FUND - STATE HIGHWAY ACCOUNT (042) STATEMENT OF FINANCIAL CONDITION AS OF JUNE 30, 1999			
ASSETS			
CASH:			
	In State Treasury	\$ 902	
	In Agency Accounts	<u>22,334,088</u>	22,334,990
DEPOSITS IN SURPLUS MONEY INVESTMENT FUND:			1,447,138,000
RECEIVABLES:			
	Reimbursements	566,650,193	
	Revenue	23,413,646	
	Others	3,969,497	
	Due from Other Funds/Federal Govt.	498,032,622	
	Provision for Deferred Receivables	<u>(32,106,914)</u>	1,059,959,044
PREPAID EXPENSES:			
	Prepayments to Other Funds	1,115,219,960	
	Expense Advance	2,435,778	
	Other Prepaid Expenses	1,323,983	
	Inventories	<u>34,392,141</u>	1,153,371,862
LOANS:			
	Loans Receivable - Other		<u>25,838</u>
	Total Current Assets		<u>3,682,829,734</u>
Total Assets:			<u><u>3,682,829,734</u></u>
LIABILITIES, RESERVES AND FUND BALANCE			
CURRENT LIABILITIES			
	Accounts Payable	1,764,151,331	
	Due to Other Funds/Appropriations	353,414,772	
	Revenue Collected in Advance	1,487,399	
	Reimbursements Collected in Advance	9,524,641	
	Deposits	7,627,096	
	Project Deposits	<u>112,000</u>	2,136,317,239
RESERVES:			
	Reserve for Advances	115,219,960	
	Reserves - Other	<u>34,417,978</u>	149,637,938
FUND BALANCE - Unappropriated:			<u>1,396,874,557</u>
TOTAL LIABILITIES, RESERVES AND FUND BALANCE:			<u><u>\$ 3,682,829,734</u></u>

Exhibit 1
-continued-

DEPARTMENT OF TRANSPORTATION (2660) COMBINED STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE STATE TRANSPORTATION FUND - STATE HIGHWAY ACCOUNT (0042) Fiscal Year Ended June 30, 1999		
FUND BALANCE, JUNE 30, 1998		\$ 1,387,210,927
REVENUES:		
MOTOR VEHICLES REGISTRATION (WEIGHT FEES)	702,935,376	
OTHER REGULATORY LICENSES AND PERMITS	8,910,981	
SALE OF DOCUMENTS	1,014,976	
INCOME FROM SURPLUS MONEY INVESTMENTS	83,753,551	
INCOME FROM CONDEMNATION DEPOSIT FUND INVESTMENTS	2,811,398	
RENTALS OF STATE PROPERTY	31,007,780	
MISCELLANEOUS REVENUE FROM USE OF PROPERTY & MONEY	8,497,869	
ESCHEAT - CHECKS, WARRANTS	194,268	
MISCELLANEOUS REVENUE	1,177,814	
	<u>840,304,013</u>	
REFUNDS TO REVERTED APPROPRIATION	-	
OPERATING TRANSFERS IN:		
HIGHWAY USERS TAX ACCOUNT, TRANSPORTATION TAX FUND (GASOLINE AND DIESEL FUEL TAX)	1,878,718,652	
DMV - COUNTY ROADS & CITY STREETS 9500-001-042	2,348,573	
DEPARTMENT OF MOTOR VEHICLES	130,000,000	
MISC. AGENCY	41,028,647	
GENERAL FUND	12,290,000	
SPECIAL DEPOSIT FUND (PRIOR YEAR)	193,983	
	<u>2,064,579,854</u>	2,904,883,867
OPERATING TRANSFER OUT:		
SEISMIC	101,521,000	
TPDA	13,470,000	
PUBLIC TRANSPORTATION ACCOUNT	30,510,000	
ENVIRONMENTAL ENHANCEMENT AND MITIGATION DEMONSTRATION ACCOUNT	<u>9,000,000</u>	
	154,501,000	
EXPENDITURES:		
STATE OPERATIONS:		
CALIFORNIA TRANSPORTATION COMMISSION	132,142	
DEPARTMENT OF TRANSPORTATION	1,604,842,332	
DEPARTMENT OF CONSERVATION	11,711	
PUBLIC UTILITIES COMMISSION	2,108,040	
LEGISLATIVE CLAIMS, CLAIMS OF THE SECRETARY OF STATE, BOARD OF CONTROL	9,479	
CASH MANAGEMENT INFORMATION ACT	270,325	
CALIFORNIA HIGHWAY PATROL	20,526,833	
MOTOR VEHICLE	61,912,832	
OTHER TRANSFERS (FRANCHISE TAX BOARD, ADMINISTRATION)	23,213	
LOCAL ASSISTANCE:		
DEPARTMENT OF TRANSPORTATION		
SHARED REVENUES - RENTAL INCOME PAYMENTS TO COUNTIES	619,665,005	
CAPITAL OUTLAY:		
DEPARTMENT OF TRANSPORTATION	<u>474,440,073</u>	
	2,783,941,985	2,938,442,985
ADJUSTMENTS TO PRIOR YEAR APPROPRIATIONS (SUBTRACTION)		<u>(43,222,747)</u>
FUND BALANCE AS OF JUNE 30, 1999		<u><u>1,396,874,556</u></u>

Exhibit 1
-continued-

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DEPARTMENT OF TRANSPORTATION (2660)
STATEMENT OF CHANGES IN GENERAL FUND FIXED ASSETS
STATE HIGHWAY ACCOUNT FUND (0042)
AS OF JUNE 30, 1999

UCM Description	Balance 7/1/98	Additions	Deductions	Balance 6/30/99
Land	\$ 114,829,291.31		\$ 15,892,193.00	\$ 98,937,098.31
Buildings	290,404,744.81	3,132,880.24	2,604,186.16	293,537,625.05
Equipment	95,493,689.40	19,309,518.72		112,199,021.96
Total	\$ 500,727,725.52	\$ 22,442,398.96	\$ 18,496,379.16	\$ 504,673,745.32